

File 98

DONALDA MINES LIMITED

(No Personal Liability)

REPORT TO SHAREHOLDERS

FOR THE YEAR ENDED
DECEMBER 31, 1964

PRESIDENT'S REPORT

To the Shareholders,

DONALDA MINES LIMITED

Your Directors are pleased to submit herewith the Auditors Report, Balance Sheet and related Financial Statements for the year ending December 31, 1964.

We are pleased to announce the acquisition of 21 mining claims in Horwood Township, Ontario. The occurrence of gold bearing quartz veins in the Horwood Lake area was known as early as 1909, however no intensive prospecting was done until the nineteen thirties. In the general area of your claims visible gold has been disclosed and in some cases in substantial quantities. Your property is joined on the east by the Tionaga Gold Mines Limited which was operated by Hollinger Consolidated Gold Mines Limited who commenced operations in 1935. A shaft was sunk to 570 feet to explore a gold bearing quartz vein with visible gold varying from 2½ to 6 feet in width. A vein section 75 feet in length west of the shaft on the 570 foot level was reported to be of good grade over a mineable width. The east boundary of the Donalda Mines property is within 2000 feet of the Tionaga shaft. The possible westerly extension of the commercial vein found in the underground workings could be of prime importance to your company. The vein was lost at a fault and it is the opinion of your company's consulting engineer that the faulted portion of the vein goes to the Donalda claims. A magnetic and electro-magnetic survey has been completed on your claims and has indicated some very interesting local magnetic anomalies that indicate the presence of Pyrrhotite. Detailed geological mapping in the vicinity of these magnetic highs will be carried out immediately with probable diamond drill targets being selected; shareholders will be kept informed as this work progresses.

Geophysical work on your DUFF TOWNSHIP, Timmins area claims was deferred until this summer due to severe winter conditions and the inability to hire competent crews to carry out the work necessary to properly evaluate the claims.

Your ROUYN TOWNSHIP claims are being maintained in good standing. The untouched reserves of gold ore must await an increase in the price of gold, at which time a fresh survey of the economic conditions influencing ore extraction will be made.

Your SALTER TOWNSHIP claims also remain in good standing for several years. The grade of ore indicated from work done to date is not economical at prevailing prices. Any further development must await copper prices above current levels.

A Notice of the Annual General Shareholders Meeting to be held in Montreal, on June 30th, 1965 is enclosed. If you are unable to be present will you kindly complete the form of proxy and return it to the Secretary.

On behalf of the Board of Directors,
"E. F. FURNISS"
PRESIDENT

June 7, 1965

DONALDA MINES LIMITED

(No personal liability)

(Incorporated under the laws of the Province of Quebec)

BALANCE SHEET AS AT DECEMBER 31, 1964

ASSETS

Current assets

Cash	\$	4,116.62	
Deposit receipts		75,000.00	
Marketable securities, at cost (market value \$2,700.00)		5,395.00	
Accrued interest receivable		85.22	\$ 84,596.84

Fixed assets

Mining claims and concessions, at cost (\$12,728.17 cash and \$300,000.00 attributed to 1,000,000 shares of capital stock issued for claims and concessions)	\$	312,728.17	
Buildings and equipment, at estimated realizable value		2,000.00	
Office furniture and equipment, at cost, less \$642.00 accumulated depreciation		430.00	315,158.17

Deferred expenditures and other assets

Development and administrative expenditures, per statement (see footnote)	\$	631,794.10	
Prepaid expense		15.68	
Investment in shares, at cost		150.06	
Organization expenses		8,415.51	640,375.35
			<u>\$1,040,130.36</u>

LIABILITIES

Current liabilities

Accounts payable	\$	1,760.00
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Capital and deficit

Capital stock

Authorized:

7,500,000 shares, par value \$1.00 each

Issued and fully paid:

5,550,000 shares for cash \$5,550,000.00

Less: discount (reduced by premium of \$89,982.75) 3,149,826.57 \$2,400,173.43

1,200,000 shares for mining claims

and concessions \$1,200,000.00

Less: discount 870,000.00 330,000.00

6,750,000 shares \$2,730,173.43

Deficit, per statement	1,691,803.07	1,038,370.36
		<u>\$1,040,130.36</u>

Note: The company suspended mining and milling operations in its Noranda property in 1955. The cost of shaft and explorations, development and administrative expenditures incurred since the mill was shut down are deferred.

Approved on behalf of the Board of Directors:

R. BROWN, Director

E. F. FURNISS, Director

DONALDA MINES LIMITED

(No personal liability)

DEFERRED DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1964

	Noranda, Quebec Property	Salter Township, Ontario Property	Duff Township, Ontario Property	Total
Exploration and development				
Balance, December 31, 1963	\$530,741.30	\$15,714.80	\$ —	\$546,456.10
Additions during year				
Office administration	\$ 1,092.54	\$ —	\$ —	\$ 1,092.54
Engineer's fees	320.00	—	—	320.00
Government licenses and taxes	204.18	111.19	99.00	414.37
Consulting services	4,376.00	—	—	4,376.00
Miscellaneous	65.36	—	—	65.36
	<u>\$ 6,058.08</u>	<u>\$ 111.19</u>	<u>\$ 99.00</u>	<u>\$ 6,268.27</u>
Balance, December 31, 1964	<u><u>\$536,799.38</u></u>	<u><u>\$15,825.99</u></u>	<u><u>\$ 99.00</u></u>	<u><u>\$552,724.37</u></u>
Administrative expenditures				
Balance, December 31, 1963			\$72,014.26	
Additions during year				
Head office accommodation, including accounting and secre- tarial services		\$ 3,350.00		
Share issue and transfer expenses		2,259.85		
Annual meeting expenses		1,082.38		
Government fees, licenses and taxes		1,410.64		
Legal and audit fees		685.00		
Directors' fees		275.00		
Consulting fees		1,250.00		
Miscellaneous		217.83		
		<u>\$10,530.70</u>		
Less: interest income		<u>3,475.23</u>	<u>7,055.47</u>	<u>79,069.73</u>
Total deferred development and administrative expenditures				<u><u>\$631,794.10</u></u>

STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1964

Balance, December 31, 1963	\$1,678,553.07
Additions during year	
Loss on sale of \$90,000.00 Province of Ontario bonds	\$ 25.00
Loss on sale of fixed assets	7,325.00
Additional amount written off buildings and equipment to reduce to estimated realizable value	<u>5,900.00</u>
	<u>13,250.00</u>
Balance, December 31, 1964	<u><u>\$1,691,803.07</u></u>

Fisher, Nisker & Company

CHARTERED ACCOUNTANTS

62 RICHMOND ST. WEST
TORONTO, ONTARIO

AUDITORS' REPORT


To the Shareholders of
Donalda Mines Limited
(No personal liability)

We have examined the balance sheet of Donalda Mines Limited (no personal liability) as at December 31, 1964 and the statements of deferred development and administrative expenditures and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of deferred development and administrative expenditures and deficit present fairly the financial position of the company as at December 31, 1964 and its activities for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

FISHER, NISKER & COMPANY
Chartered Accountants

Toronto, Ontario.
February 10, 1965.



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